



## Fact Sheet

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**E-PAYMENT OPTIONS FOR 2003**

Taxpayers can pay taxes electronically by authorizing an electronic funds withdrawal from a checking or savings account or by using a credit card. E-payments can be used to:

- pay taxes owed on a 2002 income tax return.
- pay projected tax due when requesting an automatic extension of time to file.
- pay estimated taxes for Tax Year 2003.
- make a credit card payment on an active Installment Agreement for past due tax owed for years 1999 and after.

The IRS has entered into partnerships with private industry, including credit card processors and tax preparation software developers, to make these electronic payment options available.

- More than 750,000 people paid their federal taxes by electronic funds withdrawal or credit card during 2002.

**Electronic Funds Withdrawal**

Electronic funds withdrawal is free and the taxpayer decides when the tax payment is withdrawn from the bank account. Electronic funds withdrawal is only available to those who e-file, either by computer or by phone. A taxpayer may file early and, at the same time, schedule the withdrawal as late as April 15, 2003. For returns filed after April 15, the payment is effective on the filing date.

A 2003 estimated tax payment can be made through electronic funds withdrawal only when filing a 2002 tax return via computer, whether or not there is a balance due on the return. The estimated tax payment may be the one due in April, June or September. Only one estimated tax payment can be made through electronic funds withdrawal. This payment cannot be made by phone.

- In 2002, 455,278 taxpayers paid their taxes through electronic funds withdrawal, an increase of 31 percent over the prior year.

(more)

## Credit Card Payments

Taxpayers can make credit card payments whether they file electronically or file a paper return. Credit Card payments can be submitted via the tax software when filing electronically. Credit Card payments can also be made over the telephone.

- In 2002, 313,385 taxpayers paid by credit card, an increase of 9 percent over the prior year.

The IRS does not set or collect any fees for credit card payments, but the private sector companies the IRS has authorized to process these payments do impose convenience fees. The tax payment sent to the U. S. Treasury and the convenience fee are listed separately on the cardholder's credit card statement.

Some tax software developers offer integrated e-file and e-pay combinations for those who want to pay a balance due with a credit card. The software accepts both the electronic tax return and the credit card information. Subsequently, the tax return and tax payment data are forwarded to the IRS and the credit card data is forwarded to the payment processor.

For the 2003 filing season, the IRS has awarded contracts to two companies to accept credit card charges from both electronic and paper filers. Each company has its own fee schedule and each offers both phone and Internet payment services. The two companies are:

- Official Payments Corporation, 1-800 2PAY-TAX (1-800-272-9829) 1-877-754-4413 (Customer Service) [www.officialpayments.com](http://www.officialpayments.com), and
- Link2Gov Corporation, 1-888-PAY-1040 (1-888-729-1040) 1-888-658 5465 (Customer Service) [www.PAY1040.com](http://www.PAY1040.com).

Anyone may use these services to charge taxes to an American Express Card, Discover Card, MasterCard or VISA account. VISA joined the IRS credit card program in March 2002.

The "IRS e-file" section of the IRS Web site – [www.irs.gov](http://www.irs.gov) – has more information about IRS e-file, the self-select PIN, private sector partnerships and electronic payments – just click on the IRS e-file logo.

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